UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

SOME BOOKS ON THE WHAT AND WHY OF DEPRESSIONS

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In regard to books on the depression -- What It Is and Why It Is -- I feel much like Alice in Wonderland whom the Queen reminded that it was a slow country indeed when one didn't have to run as hard as ever one could in order to stay in the same place. This is an absolutely true observation as regards this librarian and no doubt many others feel the same way. For try as one may, it is all one can possibly do to keep up with the new material -- although one "runs" one can not read more than enough to stay in the same place, which is one of wonderment that so much should be written and so well written and that so little of it seems to result in action. It seems as though with the mountain of print that has been accumulated ever since the Napoleonic wars, the valley of the depression should certainly not be so deep as it was in previous depressions, but that is not true. Perhaps, we mere mortals expect results too soon.

To measure up at all to the really stupendous task given me -- to point out the books that come nearest to answering the two questions of what the depression is and why it came to pass -- it is quite impossible to confine myself to new books. Some of the most important and valuable of the books on the subject are relatively old. For instance, Burton's Financial Crises and Periods of Industrial and Commercial Depression,(1) 1/ appeared in 1902. There seems to have been a steady demand for it as there have been prints of various dates. The issue bearing the date of 1931 is apparently unchanged from the edition of 1902. Although more than 30 years old, it contains much that is useful, including a bibliography and an appendix devoted to a selection of opinions relating to the causes of crises and depressions. These opinions by their very variety can not fail to make the reader realize in some measure at least the complexity of the subject and form therefore an excellent introduction. An acknowledged leader in this field is Dr. Wesley C. Mitchell. He wrote Business Cycles (10) 1913, now entirely out of print, and the later volume entitled Business Cycles: The Problem and its Setting,(11) published in 1927. Henry Ludwell Moore's Economic Cycles: Their Law and Cause,(12) written in 1914, and Generating Economic Cycles,(13) written in 1923, must not be forgotten among the earlier books published in this country.

1/ Figures in parentheses refer to books listed on p. 4-5.

One of the relatively earlier English books which can not safely be ignored by the reader who is trying to get a true perspective is J. M. Keynes' The Economic Consequences of the Peace, (6) published in 1920. In this he wrote: "The forces of the nineteenth century have run their course and are exhausted. The economic motives and ideals of that generation no longer satisfy us: we must find a new way and must suffer again the malaise, and finally the pangs of a new industrial birth." This prophecy has been abundantly fulfilled, as have many others he has made since the World War. A delightful reprinting of the prophecies and recommendations he has made may be found in his little volume entitled Essays in Persuasion (7) which, by the way, is most readable. And if you would enjoy a stimulating discussion of the question raised a few moments ago as to why the recommendations of economists (especially J. M. Keynes) are not followed, you will enjoy an article by A. L. Rowse entitled Socialism and Mr. Keynes (16) in the Nineteenth Century for September 1932.

The book which will probably be the starting point for most readers, however, is Irving Fisher's Booms and Depressions: Some First Principles.(4) In this the author attempts to define a depression and then proceeds to consider, in order, what he thinks are the nine main factors of a depression. He takes up the over-indebtedness which led to the world depression, and the remedies. All readers will not agree with his proposed remedies, but the book, readable without being overpopularized, is up to date and very stimulating and informing. Other books which cover both the causes of the depression and discussions of what it is are numerous. G. D. H. Cole's The Intelligent Man's Guide Through World Chaos (2) is generally thought to be one of the best. Mr. Cole thinks that the leading characteristics of the crisis are the outstripping of the population by production, the limitation of the market, "the failure of the present economic system to adapt itself to technical forces" and the growing demand for leisure. The reviewer of this book in the London Economist considers Mr. Cole's summary of the last five centuries of economic growth as "brilliant." As to remedies, Mr. Cole would socialize the basic industries, nationalize the land and monopolize the trade in agricultural products, but would have the actual direction of production in the hands of the individual farmer (which does seem a bit contradictory). One of the most discussed and most valued of the general discussions of the depression is Economic Stabilization in an Unbalanced World (5) by Alvin H. Hansen. Dr. Fred Rogers Fairchild in reviewing this volume for the American Economic Review speaks of it as a fine example of keen scholarly analysis. Dr. Hansen undertakes first to set forth the causes of instability and after a discussion of unemployment and population stabilization discusses the means of economic stabilization under capitalism.

Another very important volume on the why of the business depression is Persons' Forecasting Business Cycles, (14) published in 1931. It is probably too technical for the ordinary reader, but its importance is not debatable. In this same class is Economic Rhythm (19) by Dr. Ernst Wagemann of the University of Berlin which is now available in English. Dr. Wagemann is Director of the Institut für Konjunkturforschung which deals with the forecasting of business development from the analysis of current conditions, and, as Dr. Wesley Mitchell writes in his prefatory note, has enjoyed a combina-

tion of advantages for study in business cycles which is perhaps unique. His work, which combines the explanation of how and why these cycles come about with the effort towards the development of a successful technic of forecasting business, should do much, Dr. Mitchell thinks, to unite the two groups in the United States which are concerned respectively with the theory of the cycle and its statistical application -- with the attitude, somewhat, that "never these twain shall meet."

The name of Sir Arthur Salter is of course known to everyone who has been in touch with the literature of the depression. He has headed the personnel of many English committees and has been a member of many others. He writes with clarity and distinction, and even though this paper does not attempt to cover books dealing primarily with remedies for the depression his Recovery, The Second Effort (17) (1932) and his Halley Stewart Lecture of 1931 entitled the World's Economic Crisis and the Way of Escape (18) must be mentioned. The value of these in any study of the causes of depressions is that although they are devoted largely to "ways of escape" or remedies they never for a moment lose sight of the broad conception of policy which can be founded only upon a penetrating knowledge of the causes which got us into this morass. Nor does he ever lose heart. He passionately believes that a new system is possible which will salvage what was good in the old and that "courage and magnanimity" can solve our problems.

This would undoubtedly be a good place to stop but how can one when so much has not been mentioned? There are the two League of Nations publications, The Course and Phases of the World Economic Depression (8) (1931) and World Economic Survey 1931-32, (9) of great importance. There is also the report of the President's Research Committee on Social Trends under the chairmanship of Dr. Wesley C. Mitchell, entitled Recent Social Trends in the United States. (15) This work is epochal and can not safely be ignored by any student of the life of the American people.

As long as it is impossible to cover the ground in any sense adequately in the time allotted perhaps the best way to close is to call your attention with especial emphasis to an article entitled Economists on the Crisis, by J. B. Condliffe, (3) Secretary of the Economic Section of the League of Nations Secretariat, which was published in the Library Journal for January 1, 1933. It is worthy of careful study by those who must deal with the literature of the depression. As a survey of current literature on the subject it is outstanding both because of the competence of the distinguished author in the subject matter covered and because of its international character.

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